BURLINGTON STEEL COMPANY, LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

In presenting herewith a statement of the affairs and financial position of the Company for the fiscal year ended December 31, 1944, your Directors have pleasure in advising that earnings show an improvement over those of the previous year.

Operating profits and other income show an increase of $66,771.

After provision for Dominion Taxes of $158,500 (as compared with $91,000 in 1943), and the usual provision for depreciation, net profits amounted to $135,750, equal to 97 cents per share, as against 88 cents shown in the year 1943.

This does not include the refundable portion of Taxes amounting to $11,200, or 8 cents per share, accruing from the year's operations.

Dividends totalling $84,000, at the regular rate of 60 cents per share, were paid from the year's earnings. Net current assets were increased by $74,515, and now amount to $1,294,224, equal to $9.25 per share.

The Company's investments consist of $625,000 Bonds of the Dominion of Canada, and $75,000 Bonds of The Hydro-Electric Power Commission of Ontario.

Your plant and equipment have been maintained in a high state of repair. In common with many other Companies, capital expenditures of a moderate amount will be required to maintain our competitive position as soon as necessary supplies become available and the work can be carried out without interrupting our war effort.

Our raw material inventories are ample for current requirements, and have been carried into the new year at pre-war valuations. The products we furnish for essential war purposes are to a large extent the same as those produced in normal times, so we face no serious reconversion problem.

Under present unsettled world conditions, the outlook for the future is difficult to forecast. We, however, entered 1945 with a backlog of orders substantially larger than a year ago, which should be little affected by a sudden termination of hostilities.

Our problem during the current year may be to maintain adequate supplies of raw materials and to secure sufficient labor.

The Directors of your Company wish to express appreciation to the staff for their loyal services during the past year.

Respectfully submitted on behalf of the Directors.

H. J. STAMBAUGH,
President.

Hamilton, February 10, 1945.

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BURLINGTON STEEL

BALANCE SHEET, D

ASSETS

Current Assets:			
Cash on hand and in bank		$ 82,329.80	
Investment in marketable securities (Market value $705,721.89)		693,448.09	
Life insurance policies (cash surrender value)		53,450.05	
Accounts receivable	$ 212,155.02		
Less—Reserve for doubtful accounts	10,000.00	202,155.02	
Stocks of raw materials and supplies, finished product and scrap, as determined and certified to by responsible officials of the company and valued on the usual basis which is not in excess of market or cost		596,553.55	$1,627,936.51
Refundable portion of taxes on income			29,387.12
Capital Assets:			
On basis of appraised values reported by Canadian Appraisal Company, Limited in March, 1928, with subsequent additions at cost—			
Land		$ 69,755.00	
Buildings	$ 393,618.12		
Equipment	1,028,496.15		
	$1,422,114.27		
Less—Provision for depreciation	1,044,005.15	378,109.12	447,864.12
			$2,105,187.75

AUDITORS' REPORT T

We have examined the balance sheet of Burlington Steel Company, Limited as of December 31, accordance with generally accepted auditing standards applicable in the circumstances and included we considered necessary.

In our opinion the above balance sheet and related statement of profit and loss are properly cember 31 1944, and the result of its operations for the year ending on that date and are as shown

Toronto, January 29, 1945.

COMPANY, LIMITED

ECEMBER 31, 1944

LIABILITIES

Current Liabilities:		
Accounts payable and accrued liabilities	$ 270,008.54	
Taxes payable and accrued	42,703.10	
Dividend payable January 2, 1945	21,000.00	
		$ 333,711.64
Reserve for Contingencies		10,000.00
Capital and Surplus:		
Capital Stock—		
Authorized—200,000 shares without nominal or par value		
Issued and outstanding—140,000 shares	$ 940,000.00	
Distributable surplus (No change during the year)	116,520.54	
Deferred surplus—		
Refundable portion of taxes on income	29,387.12	
Profit and loss—		
As per statement attached	675,568.45	
		1,761,476.11
		$2,105,187.75

APPROVED ON BEHALF OF THE BOARD:

FRANK P. WOOD, Director.
H. J. STAMBAUGH, Director.

) THE SHAREHOLDERS

944 and the statement of profit and loss for the year then ended. Our examination was made in xtensive tests of the accounting records and other supporting evidence and such other procedures as

rawn up so as to exhibit a true and correct view of the state of the company's affairs as at De- y the books of the company. All our requirements as auditors have been complied with.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDING DECEMBER 31, 1944

PARTICULARS		AMOUNT
Profit from operations for the year before providing for depreciation and taxes on income		$326,563.97
Income from investments	$ 14,800.20	
Less— Life insurance premiums less increase in cash surrender value	4,455.21	10,344.99
		$336,908.96
Deduct—		
Prior year adjustments (net)	$ 659.05	
Provision for depreciation	42,000.00	
Provision for taxes on income	158,500.00	201,159.05
Net profit for the year		$135,749.91
Add—		
Balance brought forward January 1, 1944		623,818.54
		$759,568.45
Deduct—Dividends		84,000.00
Balance carried to balance sheet		$675,568.45